

DEPARTMENT OF HEALTH SERVICES

714/744 P STREET

SACRAMENTO, CA 95814

(916) 445-1912



August 2, 1982

To: All County Welfare Directors

Letter No. 82-41

INFORMATION REGARDING ELIGIBILITY CHANGES REQUIRED BY AB 799

As you are aware, legislation has passed which significantly affects Medi-Cal eligibility. (AB 799, Chapter 328, Statutes of 1982). This letter is to provide you with notice of the changes required by this legislation which impact Medi-Cal eligibility and to provide you with planned implementation dates. Both the Legislature and the Administration have placed great emphasis upon an expedited implementation of the program changes. Draft regulations are included for several of the changes to assist you in planning for timely implementation. We plan to forward the remaining draft regulations within two weeks. Each change is discussed below.

1. Reduction of the Maintenance Need Level

AB 799 requires that the Medi-Cal maintenance need level be established at the lowest amount at which federal financial participation would not be jeopardized. The draft regulations are attached. You will note that the actual amounts will not be included in regulations. Instead, we plan to have the attached maintenance need chart be a part of the procedures manual. This will ease processing of future changes.

Following is a description of the impact of the maintenance need changes on Medi-Cal only applicants/recipients:

- A. For all members of the MFBUs, other than aged, blind or disabled persons, the maintenance need is reduced from 115 percent to 100 percent of the AFDC payment level.
- B. For aged, blind or disabled persons the maintenance need is reduced to 133 1/3 percent of the maintenance need level described in A above.
- C. For MFBUs with both aged, blind or disabled and other persons the maintenance need level to be used will be a combined level. (See chart).
- D. The personal needs allowance for persons in long-term care will remain at \$25.
- E. For long-term care patients supporting a disabled relative, the amount allowed as a disregard for that support has been reduced to 100 percent of the AFDC payment level.
- F. For long-term care patients maintaining a residence outside the facility, the disregard allowed has been reduced in keeping with the maintenance need reduction outlined above.

We have attached suggested wording for Notice of Action.

Implementation: September 1, 1982 for both intake and continuing cases.

2. Special Income Deduction for Aged, Blind or Disabled Persons

AB 799 repealed the special income deduction for aged, blind and disabled persons. We have attached suggested wording for the notices of action.

Implementation: September 1, 1982 for intake and continuing cases.

3. Other Real Property Limitations

AB 799 provides that the Other Real Property Limitation be reduced from \$25,000 net market value to \$6,000 net market value. There are no changes to the existing utilization requirements. Draft regulations and changes to the procedures manual are attached.

Suggested wording for the Notice of Action is attached.

Implementation: September 1, 1982 for intake and continuing cases.

Forms: Forms are in the process of being revised at this time. However, as these forms incorporate all changes due to AB 799, the revisions will be distributed at a later date. In the interim, the following changes may be made to existing forms to implement these regulation changes:

MC 176W -- delete Part II and line 9 of Part III

MC 176M -- delete line 10 of Column III

MC 176P -- Column 1, Part B, line 7 and Part D, line 1, change
\$25,000 to \$6,000.

As mentioned earlier, regulations are being promulgated for the AB 799 changes shown below and copies will be to you within two weeks.

4. Elimination of Retroactive Eligibility for Medically Indigent Adults (MIA)

This change repeals retroactive eligibility for MIA beneficiaries. Eligibility will be determined for the current month only. The projected effective date for implementation is September 1, 1982 during the intake process.

5. Income and Property Verification

This change requires verification of income and property prior to granting Medi-Cal only eligibility. It also provides for acceptance of an affidavit in lieu of actual documentation under certain circumstances after some attempt to secure documentation has been made. The projected effective date of these

regulations is September 1, 1982 for intake cases. The verification regulations should be applied to continuing cases when a change in circumstances occurs or at redetermination, whichever occurs first.

6. Elimination of Retroactive Spenddown

This change eliminates retroactive spenddown of property on medical bills to achieve eligibility for Medi-Cal. The projected effective date of this change is September 1, 1982.

7. Parental Responsibility

These regulations will require that a parent's income and property be considered in determining the eligibility of a child under 21 years of age regardless of where the child is living if the parent claims that child as an income tax deduction. The projected effective date of implementation is October 1, 1982.

8. Transfer of the MIA Population to the Counties

AB 799 transfers responsibility for the MIA population from the State to the county. Counties having a population of less than 300,000 persons may, at their option, contract with the State to operate this program. The projected effective date for the transfer is January 1, 1983. Provisions of the bill permit a county to assume responsibility for the MIA population at an earlier date. Questions on the MIA transfer should be made to DHS Office of County Health Services at (916) 445-1161.

9. Elimination of Non-Federal AFDC-U Persons from Medi-Cal Eligibility

Beginning January 1, 1983, persons receiving a non-federal AFDC-U cash grant are no longer considered public assistance recipients for purposes of Medi-Cal and are no longer eligible for a cash based Medi-Cal card. In the meantime, non-federally eligible persons being discontinued from the AFDC-U program may be eligible as Medically Indigent Adults.

We realize the tremendous effort that must be expended by counties to implement these changes. Adequate funding has been appropriated for increased administrative costs. We did not hold this letter so as to include the remaining draft regulations, as we believed prompt receipt of the attached would enable you to begin reviewing your continuing caseload for the maintenance need/Special Income Deduction and other real property changes.

Please contact your Medi-Cal program consultant should you need additional information.

Sincerely,

Original signed by

Madalyn M. Martinez, Chief
Medi-Cal Eligibility Branch

Attachments
cc: Medi-Cal Liaisons
Medi-Cal Program Consultants

SUGGESTED LANGUAGE FOR NOTICE OF ACTION

Because these changes will have an adverse affect on the beneficiaries' eligibility for Medi-Cal or cause an increase in a beneficiary's share of cost, a ten day advance notice of action must be sent. Attached is suggested language for these notices.

Maintenance Need Reduction for AFDC-MN and MI Cases

Your share of cost has increased to \$_____ per month (quarter) beginning September 1, 1982 because a recent change in state law (AB 799: Statutes of 1982, Chapter 328, Section 7) has decreased the amount of your income (maintenance need) that you are allowed for living expenses. This means that you must use more of your income to pay for your medical care.

Elimination of the Special Income Deduction for Aged, Blind and Disabled Persons

Your share of cost has increased to \$_____ per month (quarter) beginning September 1, 1982 because a recent change in state law (AB 799: Statutes of 1982, Chapter 328, Section 8) has eliminated the special income deduction. This means that you get to keep less of your income for living expenses and must use more of your income to pay for medical care.

Combined AFDC-MN/MI and ABD-MN MFBU's

Your share of cost has increased to \$_____ per month (quarter) beginning September 1, 1982 because a recent change in state law (AB 799: Statutes of 1982, Chapter 328, Sections 7 and 8) has reduced the amount of your income (maintenance need) that you are allowed for living expenses and has eliminated the special income deduction. This means that you must use more of your income to pay for your medical care.

Other Real Property Limitation

Your eligibility for Medi-Cal benefits will be discontinued effective August 31, 1982 because a recent change in state law (AB 799: Statutes of 1982, Chapter 328, Section 9) has reduced the maximum amount of real property you may own from \$25,000 net market value to \$6,000 net market value. As your real property has been valued at \$_____, it exceeds the new \$6,000 real property limit.

In addition, please include the following statement on each notice:

State Hearing: Despite what it says on the back of this notice, you have the right to a State hearing and your aid may continue unchanged if you ask for a State hearing before the effective date of this action. Read the back for important information about your right to appeal this action.

50412. Market Value of Property. (a) The market value of real property shall be (1) or (2), unless the applicant or beneficiary chooses to meet the conditions of (3), and (3) is lower:

(1) ~~Four-times-the-assessed-value-of-the-property,-if-the-property~~
~~is-located-in-California.~~ The current market value of the property, as
determined by the county assessor, if the property is located in California.

(2) The value established by applying the assessment method used in the area where the property is located, if the property is located outside of California.

(3) The value established as the result of an appraisal by a member of a recognized professional appraisal society, if the appraisal is obtained by the applicant or beneficiary and provided to the county department.

(b) The market value of each item of personal property shall be determined by the specific methods contained in this article.

(c) The market value of notes secured by deeds of trust and mortgages which are considered as other real property in accordance with Section 50441 (b) shall be established in accordance with Section 50441 (c).

50413. Encumbrances. (a) Encumbrances of record are obligations for which the property is security. Encumbrances include, but are not limited to:

(1) Loans.

(2) Attachments for debts and taxes.

(3) Chattel mortgages and liens.

50427. Other Real Property. (a) Real property not exempt as a home, including deeds of trust as specified in Section 50441 (a), is other real property.

(b) Other real property not exempt under any other section of these regulations shall be exempt if both of the following conditions are met:

(1) The property has a net market value of \$25,000 6,000 or less.

(2) The owner meets the utilization requirements set forth in Section 50416.

(c) Other real property with a net market value of more than \$25,000 6,000 shall be considered as follows:

(1) The first \$25,000 6,000 of net market value shall be exempt if the owner meets the utilization requirements set forth in Section 50416.

(2) The net market value in excess of \$25,000 6,000 shall be included in the property reserve.

NOTE: Authority: Sections 10725 and 14124.5, Welfare and Institutions Code; Section 57(c), Chapter 328; Statutes of 1982.

Reference: Section 14006, Welfare and Institutions Code.

50519

50519. Income Exemptions and Deductions - General. (a) Certain items of earned and unearned income shall be exempt from consideration in determining a beneficiary's share of cost. Income which remains after the application of the exemptions specified in Sections 50523 through 50544 shall be nonexempt income.

(b) Certain amounts of income shall be deducted from nonexempt income to determine the net income to be used in determining the share of cost. Income which remains after the application of the deductions specified in Sections 50547 through 50555.4 2 shall be net nonexempt income.

(c) Exemptions and deductions do not apply uniformly to all MN and MI categories nor to both earned and unearned income. Restrictions are stated where applicable.

Note: Authority cited: Sections 10725 and 14124.5, Welfare and Institutions Code, Section 57 (c), Chapter 328, Statutes of 1982.

Reference: 14005.13

50555. Deductions from any Income - All MN or MI Programs. The deductions specified in Sections 50555.1 through 50555.4 2 shall be subtracted from any nonexempt income that remains after the application of all preceding exemptions and deductions.

Note: Authority cited: Sections 10725 and 14124.5, Welfare and Institutions Code, Section 57 (c), Chapter 328, Statutes of 1982.

Reference: 14005.13.

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maintenance need for members of the MFBU living in the home where no member is aged, blind, or disabled shall be determined in the following manner:

(1) The maintenance need for an MFBU consisting of one through ten persons shall equal the AFDC payment level for a family group of corresponding size, except as specified in (2).

(2) The maintenance need for one person when all other members are 1 or other PA shall equal one-half of the AFDC payment level for two persons.

(3) The maintenance need for an MFBU consisting of 11 or more persons shall equal the AFDC payment level for a family group of ten plus an amount equal to the AFDC MBSAC increase level for additional persons in excess of ten for each MFBU member in excess of ten.

(b) The maintenance need for an MFBU consisting only of aged, blind, or disabled persons shall equal 133 1/3 percent of the maintenance need determined in accordance with (a) (1) or (2) for an MFBU of corresponding size.

(c) The maintenance need for an MFBU which includes both ABD-MN and other persons living in the home shall be determined in the following manner:

(1) Determine the maintenance need for the ABD-MN persons in accordance with (b).

(2) For the other members of the MFBU:

(A) Determine the maintenance need in accordance with (a) for all MFBU members living in the home, including the ABD-MN person.

(B) Determine the maintenance need level in accordance with (a) for only the number of ABD-MN persons living in the home.

(C) Subtract the amount determined in (B) from the amount determined in (A). This is the maintenance need amount for the non-ABD-MN persons in the MFBU.

50605

50605. Maintenance Need — Persons in Long-Term Care. (a) The maintenance need for a member of the MFBU in long-term care shall be either of the following:

(1) Twenty-five dollars for personal and incidental needs, when the beneficiary will remain in long-term care for the entire calendar month.

(2) The appropriate maintenance need determined in accordance with Section 50603, if the person will be in long-term care for only a portion of the month.

(b) An LTC patient shall retain an amount of income for upkeep of a home in addition to the amount specified for personal and incidental needs in (a) (1) if all of the following conditions are met:

(1) The spouse or family of the LTC patient is not living in the home.

(2) The home, whether rented or owned by the LTC patient, is actually being maintained for the return of the LTC patient.

(3) There is a verified medical determination that the LTC patient will return home within six months of the date LTC patient status was established.

(c) The amount allowed for upkeep of the home, if the conditions specified in (b) are met, shall be:

(1) ~~One hundred twenty-eight~~ eleven dollars per month, if the applicant or beneficiary has been living alone at home.

(2) ~~Eighty-six~~ Seventy-five dollars per month, if the home is shared with persons for whom the applicant or beneficiary has no legal responsibility for support.

(3) ~~Eighty-six~~ Seventy-five dollars per month for each spouse, if the beneficiary and spouse have been living together and both have become LTC patients and will return home within six months.

(d) The LTC patient shall also retain an amount of income to pay for the support of a disabled relative if all the following conditions are met:

(1) The disabled relative is not the LTC patient's:

(A) Spouse.

(B) Child, as defined in Section 50030.

(2) The LTC patient has contributed and will continue to contribute to the support of the disabled relative on a regular basis.

(e) The amount allowed for the support of a disabled relative, if the conditions specified in (d) are met, shall be the lesser of the actual amount contributed or:

(1) ~~Three hundred nine dollars~~ The AFDC payment level for one for the disabled relative who is living alone or with persons who have no legal responsibility for the support of the disabled relative, minus the disabled relative's net income.

(2) ~~Two hundred thirty-eight dollars~~ The maintenance need level for one person when all other family members are PA or other PA for the disabled relative living with persons who have legal responsibility for the support of the disabled relative, minus the disabled relative's net income.

NOTE: Authority: Sections 10725 and 14124.5, Welfare and Institutions Code.
Section 57 (c), Chapter 328, Statutes 1982.

Reference: 14005.12

50563. Treatment of Income - Aged, Blind or Disabled MN Person or Spouse in LTC or Board and Care. (a) When an aged, blind or disabled MN person or the spouse of an aged, blind or disabled MN person is in LTC and that person has a spouse and/or children, the income of that person shall be treated in the following manner, beginning the first of the month the spouses, or the parent and children, are in separate MFBU's:

(1) The net nonexempt income of the person in LTC which is in excess of \$25 shall be allocated to the spouse and/or children as follows:

(A) When the family is applying for Medi-Cal, determine the maintenance need for the spouse and/or children other than any children excluded from the MFBU.

(B) When only the person in LTC is applying for Medi-Cal, determine the maintenance need for the spouse and/or all the children.

(C) Subtract the net nonexempt income of the spouse and/or children, other than the excluded children, from the amount determined in (A) or (B). This is the amount that shall be allocated to the spouse and/or children from the net nonexempt income of the MN person in LTC which is in excess of \$25.

(2) If the MN person in LTC is a stepparent:

(A) The stepchildren shall be treated as natural children of the person in LTC.

(B) The allocation shall be determined in accordance with (1).

(b) When an aged, blind or disabled person has a spouse and/or children, the income of the aged, blind or disabled MN person who is in board and care or of the spouse of the aged, blind or disabled MN person when the spouse is in board and care, shall be treated in the following manner beginning the first of the month the spouses, or the parent and children, are in separate MFBU's.

(1) The net nonexempt income of the person in board and care shall be allocated to the spouse and/or children as follows:

(A) Determine the special deduction for the person in board and care in accordance with Section 50555.4 if that person is aged, blind or disabled.

(A) ~~(B)~~ Determine the maintenance need for the person in board and care, ~~and add any special deduction amount.~~

(B) ~~(C)~~ Subtract the amount determined in (A) ~~(B)~~ from the net nonexempt income of the person in board and care.

(C) ~~(D)~~ When the family is applying for Medi-Cal, determine the maintenance need for the spouse and/or children, other than any children excluded from the MFBU.

(D) ~~(E)~~ When only the person in board and care is applying for Medi-Cal, determine the maintenance need for the spouse and all the children.

(E) ~~(F)~~ Subtract the net nonexempt income of the spouse and/or children, other than the excluded children, from the amount determined in (C) ~~(D)~~ or (D) ~~(E)~~.

NOTE: Authority cited: Sections 10725 and 14124.5, Welfare and Institutions Code, Section 57 (c), Chapter 328, Statutes 1982.

Reference: 14005.13

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INSTRUCTIONS
PROPERTY WORK SHEET
FORM MC 176P
(6/81)

Form MC 176P is used to determine the property included in the property reserve for the Medi-Cal Family Budget Unit (MFBU) and to determine whether the property reserve is below the property limit.

Note: The amounts of property listed should be the lowest amounts held by the person or family during the month.

Enter the case name, case number, and the month for which the determination is being made at the top of the form.

Column I -- Real Property

- A. Check whether the person or family owns a home. If yes, indicate whether the home is real property or personal property.
- B. Other Real Property
 1. Enter the total market value of the real property, other than the home, which is owned by members of the MFBU. If the property is owned jointly with persons not in the MFBU, enter only the share of the property owned by members of the MFBU.
 2. Enter the encumbrances on the other real property. If the property is owned jointly with persons not in the MFBU, enter only the MFBU members' share of encumbrances.
 3. Subtract line 2 from line 1. This is the net market value of the other real property to be considered.
 4. Enter the value of any life estate owned by a member of the MFBU when: (1) the life estate is irrevocable or (2) the life estate is for property not owned by the person prior to the establishment of the life estate. The value of the life estate is determined in accordance with the California Gift Inheritance Tax Formula (see Procedure 9A for steps to be followed). Put this computation on the reverse of this form.

Note: The value of property in which a person holds a revocable life estate would be listed in B1 through B3.
 5. Enter the net market value of any note, mortgage, or deed of trust a member of the MFBU obtained from the sale of real property he/she owned. The net market value is the amount the note, mortgage, or deed of trust can be sold for based on an appraisal.

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6. Add lines 3, 4, and 5. This is the total other real property.
7. ~~\$25,000~~ \$6,000 exemption.
8. Subtract line 7 from line 6. This is the excess value of the other real property. This amount will be entered in Column II, line B1, unless part or all of the other real property fails to meet utilization requirements (see D4).

C. Income from Property

Income from each item of other real property should be computed separately. If there is more than one item of property, show the income determination for one on this form and the other(s) on the reverse of this form or on separate MC 176P. On line 10, enter the total income from all the items of other real property.

Items 1 through 8 are completed when there is income from the rental of other real property.

If the income is from the rental of rooms, provision of board and room, or provision of board and care, and the income must be considered to determine if utilization requirements are met, determine the net amount in accordance with Section 50508 and list it in Item 9.

1. Check whether rental income received from other real property is monthly or yearly. If the property is only used seasonally, and therefore, income is considered on a yearly basis, or if the income fluctuates from month to month, enter total received in the year and divide by 12. Enter this amount in the column on the right.
2.
 - a. Enter the amount from line C1 in the left-hand side of the column. Multiply by .15.
 - b. \$4.17.
 - c. Add a. and b. This is the amount allowed for upkeep and repair by the formula.
 - d. Enter the actual amount spent on upkeep and repair. If the other real property is only used seasonally and an average monthly income was entered in C1, enter 1/12 of the annual upkeep and repair here. If actual monthly income is being used, enter actual costs for upkeep and repair. Upkeep and repair costs may not be prorated.
 - e. Enter the greater of line 2c or 2d. This is the amount that will be allowed for upkeep and repair in determining the net rental income from property.

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3. Enter the amount of interest paid each year on the encumbrances on the property in the left-hand side of the column. Divide this amount by 12 and enter this amount in the right-hand side of the column.
4. Enter the amount of taxes and assessments paid yearly in the left-hand side of the column. Divide this amount by 12 and enter this amount in the right-hand side of the column.
5. Enter the amount paid for utilities each year in the left-hand side of the column. Divide this amount by 12 and enter this amount in the right-hand side of the column.
6. Enter the amount paid for insurance each year in the left-hand side of the column. Divide this amount by 12 and enter this amount in the right-hand side of the column.

Note: Items 3 through 6 -- If the person or family pays any of these amounts monthly and the amount paid monthly does not change throughout the year, the left-hand side of the column does not have to be completed.

7. Add lines 2e through 6. These are the total allowable expenses on the property.
8. Subtract line 7 from line 1. This is the net rental income from the property. Enter this amount on the MC 176M, Column I or II, line 2.
9. Enter any income received from other real property other than rental income. This includes, but is not limited to:
 - . Income from any note, mortgage, or deed of trust from the sale of real property owned by a member of the MFBU. The income amount is the average monthly interest (based on 12 months) received.
 - . Income from an irrevocable life estate.

Determine the net income in accordance with Section 50508. Enter the income on the MC 176M, Column I or II, line 2.

10. Add line 8 and line 9. If you have computed income from more than one item of rental property, also add this income in and note where the computation is.

D. Utilization

Note: If the only item of other real property is a mortgage or deed of trust which has an interest rate of more than six percent, utilization is met and it is not necessary to complete D.

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1. Enter the net market value of all the other real property from line B6. If the total net market value of all the other real property is over ~~\$25,000~~, \$6,000, enter ~~\$25,000~~ \$6,000.
2. One-twelfth of 6 percent (.005). This is the utilization factor.
3. Multiply line 1 by line 2. This is the net income the other real property must earn in order to meet the utilization requirement.

Compare line D3 and line C10. Is line D3 greater? Check yes or no.

If yes, the other real property meets the utilization requirements and no further action is required.

If no:

- . and the income is all or partially rental income (shown in line (8), recompute the rental income, only if line 2c is greater than line 2d. If the property meets the utilization requirements, using actual upkeep and repair, no further action is required. If the actual upkeep and repair (line 2c) is greater than that determined in accordance with the formula or the property does not meet the utilization requirement even when the lower actual upkeep and repair is used, a utilization period must be established (see Sections 50416 and 50417).

If this computation is being done at the end of a utilization period and the utilization period cannot be extended, enter the net market value of the other real property in Column II, line B1.

Note: Net income based on use of the formula upkeep and repair (line 2c) will still be used in determining the income to be shown on the MC 176M.

- . and the income is not rental income (i.e., the income is shown in line C9), a utilization period must be established (see Sections 50416 and 50417). If this computation is being done at the end of the utilization period and the utilization period cannot be extended, enter the net market value of the other real property in Column II, line B1.

Column II -- Property Reserve

- A. Enter the number of persons in the MFBU. Only the property of members of the MFBU is included in the property reserve. If only one member of a couple is in the MFBU (long-term care, board and care, and stepparent cases), the share of community property of the spouse in the MFBU is included in the property reserve.

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B. Property Included in Property Reserve

1. Enter the excess value of real property from Column 1, line B8, or the net market value of other real property, which does not meet utilization requirements, and is not subject to a utilization period (see Column 1, line B4).
2. Enter the net market value of mortgages, notes, and deeds of trust which were not obtained from the sale of real property that was owned by a member of the MFBU. The net value is the amount the mortgages, note, or deed of trust can be sold for, minus any encumbrances.
3. Enter the total amount of liquid assets, including cash, savings and checking accounts, stocks, and bonds. Do not include liquid assets used in a business.
4. Enter the cash surrender value (CSV) of life insurance which is not exempt.

CSV is exempt for those policies on each insured family member which have a combined face value of \$1,500 or less. Nonexempt CSV is the property of the owner of the policy.

5. Enter the value of burial plots, vaults, or crypts not for family use. A burial plot which is not for family use is other real property and should be included in the computation of other real property, provided utilization is being attempted through sale of the plots.
6. Enter the value of burial reserves for any person in the MFBU which are in excess of \$1,000 for that person.
7. List the vehicles, boats, campers, and/or trailers, other than one motor vehicle that is exempt for transportation. If more than one motor vehicle is used for transportation, the one with the highest net market value must be exempt.

Multiply the Department of Motor Vehicles (DMV) license fee by 50 and enter, unless the item is not taxed by DMV or the owner does not agree with the value established by DMV. The DMV license fee chart is in Procedure 9B of the Manual.

If the item is not licensed by DMV, enter the purchase price, the average of three appraisals, or the value established by the county assessor.

Note: Mobile homes and trailers which are taxed as real property by the county are not included here. They are considered other real property and included in Column I, Part B.

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If the vehicle, boat, camper, or trailer is taxed by DMV, but the owner disagrees with the value, he/she may provide three appraisals. The average of these is considered the value of the property.

Enter the encumbrance on each vehicle, boat, camper, or trailer.

Subtract the encumbrances from the value. Enter the remainder in the column on the right.

8. Enter the combined net market value of an item of jewelry valued at more than \$100, other than wedding or engagement rings or heirlooms.
9. Business property may be property necessary for employment, rehabilitation, or self-support.
 - a. Enter property normally used for employment, i.e., work for another person, or used for rehabilitation which is not exempt (see Section 50485).
 - b.
 - (1) Enter the net market value of all equipment, inventory, licenses, or materials used as a means of complete or partial self-support. List the property on the reverse of this form or on an attachment.
 - (2) One-twelfth of 6 percent (.005). This is the reasonable rate of return factor.
 - (3) Multiply (1) by (2). This is the amount of monthly income the property necessary for self-support must produce in order to be producing a reasonable rate of return.
 - (4) Enter the average monthly income from the property. This is determined by dividing yearly income by 12 in accordance with Sections 50505 and 50517 (a) (5). If the means of self-support has been in operation for less than a year, average the income over the period of operation.
 - (5) Check yes or no to indicate whether the monthly income is equal to, or greater than, the rate of return it must have in order to be exempt.

If yes is checked, the property is producing a reasonable rate of return. Enter -0- in the column on the right.

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If no is checked, the property is not earning a reasonable rate of return. Determine if the applicant/beneficiary may be given a period of time in which to obtain a reasonable rate of return in accordance with Section 50485 (a) (2). If not, enter the total net market value of the equipment, inventory, licenses, and material (line 9 (b) (1)) in the column on the right.

10. a. Enter the total liquid assets of the business in the month. This is the lowest balance in the month after subtracting any income received in the month.
- b. Enter the average monthly expenditures for the business based on the applicant/beneficiary's statement. Multiply this by 3.
- c. Subtract 10b from 10a. If less than zero, enter -0-. This is the amount of liquid assets from the means of self-support that is considered part of the property reserve.
11. Enter the value of any other property owned by members of the MFBU which must be considered in accordance with the property regulations.
12. Add lines 1 through 11. This is the total amount considered available to the MFBU.
13. Enter the appropriate property limit in accordance with Section 50420.
14. Subtract line 13 from line 12. If less than zero, enter -0-. If the answer is zero, the person or family is eligible for Medi-Cal. If the answer is greater than zero, the person or family is not eligible for Medi-Cal and must spenddown their property in accordance with Section 50421 in order to become eligible.

Maintenance Need Chart

Number of Persons	Ø ABD-MN	All ABD-MN	Includes 1 ABD-MN	Includes 2 ABD-MN	Includes 3 ABD-MN	Includes 4 ABD-MN	Includes 5 ABD-MN	Includes 6 ABD-MN	Includes 7 ABD-MN	Includes 8 ABD-MN	Includes 9 ABD-MN
1 Person	248	331									
2 Persons	408	544	491								
3 Persons	506	675	589	642							
4 Persons	601	801	684	737	770						
5 Persons	686	915	769	822	855	886					
6 Persons	771	1,028	854	907	940	971	1,000				
7 Persons	846	1,128	929	982	1,015	1,046	1,075	1,103			
8 Persons	922	1,230	1,005	1,058	1,091	1,122	1,151	1,179	1,204		
9 Persons	996	1,328	1,079	1,132	1,165	1,196	1,225	1,253	1,278	1,304	
10 Persons	1,071	1,428	1,154	1,207	1,240	1,271	1,300	1,328	1,353	1,379	1,403

For MRBU's with more than 10 persons, add the appropriate maintenance need for ten plus \$7.00 for each additional person.

The maintenance need for one when all other persons are PA or Other PA is \$204.00.

The ABD-MN maintenance need for one when all other persons are PA or Other PA is \$272.00.